

# Effect of Corporate Social Responsibility on the Recruitment of Technically Educated Employees

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## Abstract

The influence of the corporate social responsibility (CSR) concept on the business performance has been widely discussed recently. According to some researches, respecting CSR could make the responsible company more attractive to quality job-seekers. At the same time, there is a great lack of technically skilled specialists both globally and more important the Czech economy. The aim of this paper is to investigate, whether the technically educated talents take the issue of CSR into account when making decisions about their future employers and therefore, whether the implementation of CSR into the company policy means an advantage in the recruitment for a responsible firm. Questionnaires distributed among the final-year students of technical study programs were chosen as a research method. The results obtained suggest that the technically educated talents consider the issue of CSR to be quite important and that they would definitely prefer an employer who respects this concept. Implementing of the corporate social responsibility idea into the corporate strategy can therefore improve the human resources management of the enterprise with a positive effect on the whole business performance.

**Keywords:** corporate social responsibility (CSR), human resources, recruitment, triple-bottom line

## Introduction

Whether the corporate social responsibility (CSR) concept influences the business performance positively, negatively or not at all is a question, which has been lately widely discussed in academic circles all around the world.

Researches originally dealt with the correlation between the occurrence of CSR in a firm policy and some general metrics of company performance, such as some financial analysis indicator or rate of return of its stock (see Kuldová 2011).

An increasing number of studies investigating the relationship between CSR and business performance in more detail have been recently carried out, though.

These researches understand the business performance as the resultant of several particular elements and investigate the potential influence of implementing CSR into business processes on these elements individually. The impact of socially responsible behavior on sales (e. g. Knox and Walker 2003), all kind of costs (e. g. Knox and Maklan 2004), acquiring capital (e. g. Graves and Waddock 1994) and many other variables is therefore investigated. Nevertheless, despite the high intensity of these discussions, no generally accepted conclusion has so far been reached.

An element, which can potentially affect the company performance to a large extent, is definitely the quality and engagement of the human resources. Czech enterprises, especially in the industrial manufacturing and technology sector, face very current problems in this area. According to the survey conducted by CzechInvest (2012), 28% of Czech medium and small enterprises consider the number of available technically qualified staff to be “absolutely insufficient” and 24% “rather insufficient”. Surveys conducted by Confederation of Industry of the Czech Republic in the Czech regions (SPČR 2010) confirm these results and the Director of the Confederation describes the current situation as the “impending catastrophe” (EPOD (2012)). According to the Global CEO survey conducted by PwC (2012), the situation is no better at the international level.

Such a lack of technically educated staff jeopardizes the operation of the companies and restricts their further development considerably. It means that the enterprises have to seek and use every potential advantage in the competition for the technically skilled talents, who are available on the labour market.

And this is the point of this paper – respecting the CSR idea could possibly be one of such advantages. Job-seekers might not consider only the strictly economic criteria such as the level of pay, fringe benefits or promotion opportunities, but also the “soft” ones – in short, whether the employer implements elements of CSR into its corporate policy or not.

The influence of the CSR concept on the attitude of the potential employees towards the responsible enterprise was studied by Greening and Turban (2010) with a positive result. As for the non-academic research, the same results were obtained by a survey conducted by Ipsos Tambor (2010). Our research was to continue in this direction and to study the impact of the socially responsible behavior of the company on its attractiveness as an employer in the more specific conditions. Since the greatest problem of Czech companies is the inadequate number of technically educated talents, we have concentrated on the students of the technical study programs. The aim of our research has been to investigate, whether the implementation of CSR into the corporate policy leads to the easier and less expensive recruitment of the technical school's graduates and therefore, whether it positively influences the human resources element of the business performance or not.

Tab. 1. Structure of question batteries 1 – 3

| Dimension     | Battery 1                    |                                                      | Battery 2                                                  |  | Battery 3                                                                                                                                                             |  |
|---------------|------------------------------|------------------------------------------------------|------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|               | Element of company behaviour |                                                      | Company ...                                                |  | Company B...                                                                                                                                                          |  |
| Financial     | a)                           | level of salary                                      | provides appropriate salary to its employees               |  |                                                                                                                                                                       |  |
|               | b)                           | providing of fringe benefits (car, cell-phone)       | provides benefits to its employees                         |  |                                                                                                                                                                       |  |
|               | c)                           | promotion opportunities in the company               | offers real promotion opportunities to its employees       |  |                                                                                                                                                                       |  |
| Social        | d)                           | care of the work safety and work-life balance        | cares of the health and work-life balance of its employees |  | cares of the health and work-life balance of its employees beyond the legal regulations<br>respects rights and opinions of its employees beyond the legal regulations |  |
|               | e)                           | respect for the rights and opinions of the employees | respect rights and opinions of its employees               |  |                                                                                                                                                                       |  |
|               | f)                           | support of local community                           | supports local community                                   |  |                                                                                                                                                                       |  |
| Economic      | g)                           | fair dealing with the business partners              | deals with its business partners fairly                    |  | deals fairly with its business partners<br>fights against corruption                                                                                                  |  |
|               | h)                           | rejection and fight against the corruption           | fights against corruption                                  |  |                                                                                                                                                                       |  |
|               | i)                           | care of the consumer protection                      | cares of the consumer protection                           |  |                                                                                                                                                                       |  |
| Environmental | j)                           | investing to ecological technologies                 | invests into ecological technologies                       |  | invests into ecological technologies                                                                                                                                  |  |
|               | k)                           | eco-friendly waste management                        | manages its waste eco-friendly                             |  |                                                                                                                                                                       |  |
|               | l)                           | support of environmental protection programs         | supports environmental protection programs                 |  |                                                                                                                                                                       |  |

Source: own

## Materials and Methods

The questionnaire was chosen as the research method. The attitude of respondents towards twelve particular elements of company behaviour, which are recorded in Tab. 1 and marked by letters a) – l), was investigated. The elements on this list can be divided into four dimensions. The first one, consisting of the elements a) – c), contains in fact financial attributes of the job. The level of salary together with the perks definitely influences the current standard of living of an employee, whereas the chance of promotion might influence this standard in the future.

The other three groups are connected with the “Triple-bottom line” concept, which is usually considered as the condensed expression of the corporate social responsibility (compare Kunz (2012), Kuldová (2012)). According to this concept, there are three pillars of CSR – social (also known as People) represented by elements d) – f), economic (Profit) represented by elements g) – i) and environmental (Planet), represented by elements j) – l).

Opinions of respondents on these twelve elements were investigated through three batteries of questions:

1. “When you are choosing an employer, will you consider this element of company policy to be: 1) unimportant, 2) rather unimportant, 3) medium importance, 4) rather important, 5) very important.” Respondents were asked to express their opinion on the importance of every particular element.
2. “In your opinion, this element occurs in the behaviour of... : 1) only minimal number of Czech companies 2) about  $\frac{1}{4}$  of Czech companies, 3) about  $\frac{1}{2}$  of Czech companies, 4) about  $\frac{3}{4}$  of Czech companies, 5) nearly all Czech companies.” In this question the elements were slightly rephrased in order to stress that only their socially responsible level was being discussed (but the collocation “socially responsible” was not literally used at all).
3. “Imagine the following situation: you have to decide between the job offers made by two firms – A and B. These companies are completely identical, except for two differences. First difference is that company B offers slightly lower salary in comparison with company A. The other difference is that unlike the firm A, the company policy of firm B contains the element of behaviour at a higher than ordinary or legally required level. Under these conditions, will you be prepared to work for company B? 1) I will not take the job at B at all, 2) I will take the job at B if the offered salary is lower by no more than 3%, 3) I will take the job at B if the offered salary is lower by no more than 6%, 4) I will take the job at B if the offered salary is lower by no more than 9%, 5) I will take the job at B even if the offered salary is lower by more than 9%.” Like in the previous two questions, the influence of every element was investigated separately. But, in contrast with question batteries 1 and 2, only elements d) – l)

were considered this time. Elements a) – c) were omitted because they are in fact only another expression of the salary level and their inclusion in such a question would therefore be rather absurd.

After the set of three question batteries discussed above, one more simple question followed:

4. “I understand the meaning of following abbreviations: a) ISO 26 000, b) SA 8000, c) OH SAS 18 000, d) ISO 14 000, e) EMAS.” Respondents were able to choose none, one or more than one abbreviation.

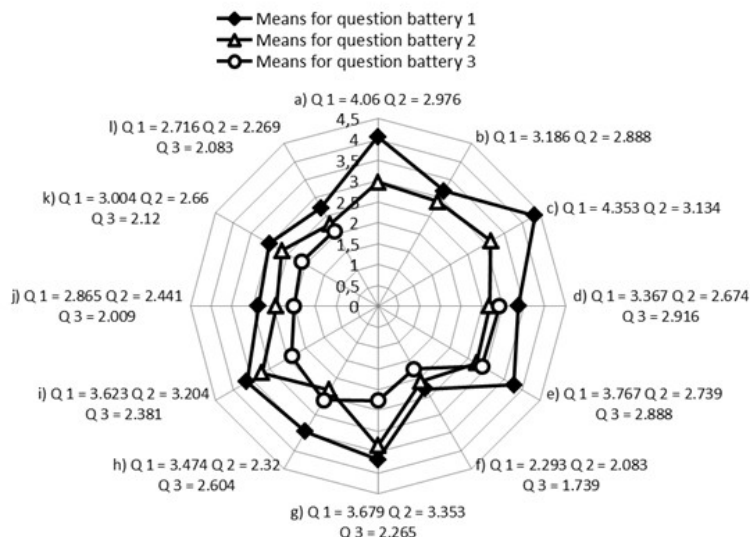
The point of the fourth question was to investigate, whether the job-seekers know the most used standards related to the work safety (OH SAS 18 000), environmental protection (ISO 14 000, EMAS) or CSR in general (ISO 26 000, SA 8000).

The questionnaire was published on the web page via Google Docs and students of the third year of undergraduate and second year of graduate programs (i. e. people who were already finishing their study and were about to enter the labour market in a relatively short time) of one Czech technical faculty were asked to fill it in both personally during the classes and by e-mail.

## Results

Two hundred and fifteen completely filled in questionnaires were collected in total. Relative frequencies of the responses regarding question batteries 1 – 3 are noted in Tab. 2. So as to achieve maximum clarity, modal responses are written in bold and for the question batteries 1 and 2 the last rows contain the sum of the two highest (i.e. above-average) responses.

Graph 1: Means of responses calculated for particular elements



Source: own

Tab. 2: Relative frequency [%] of answers in question battery 1, 2 and 3

| Question battery 1                                   |                                                |              |              |              |              |              |              |              |              |              |              |
|------------------------------------------------------|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| I consider this element to be:                       | particular elements of firm behaviour          |              |              |              |              |              |              |              |              |              |              |
|                                                      | a)                                             | b)           | c)           | d)           | e)           | f)           | g)           | h)           | i)           | j)           | k)           |
| unimportant                                          | 0.00                                           | 4.65         | 0.47         | 1.40         | 0.47         | 20.47        | 1.86         | 4.65         | 1.86         | 11.63        | 12.09        |
| rather unimportant                                   | 2.79                                           | 17.21        | 1.86         | 12.56        | 4.65         | <b>41.40</b> | 8.37         | 12.56        | 9.77         | 25.12        | 17.21        |
| medium important                                     | 20.00                                          | <b>40.93</b> | 12.09        | <b>41.40</b> | 30.23        | 28.84        | 31.63        | <b>33.49</b> | 30.70        | <b>34.42</b> | <b>37.21</b> |
| rather important                                     | <b>45.58</b>                                   | 29.30        | 33.02        | 37.21        | <b>46.98</b> | 6.98         | <b>36.28</b> | 29.30        | <b>39.53</b> | 22.79        | 25.12        |
| very important                                       | 31.63                                          | 7.91         | <b>52.56</b> | 7.44         | 17.67        | 2.33         | 21.86        | 20.00        | 18.14        | 6.05         | 8.37         |
| ∑ of rather and very important                       | 77.21                                          | 37.21        | 85.58        | 44.65        | 64.65        | 9.30         | 58.14        | 49.30        | 57.67        | 28.84        | 33.49        |
| Question battery 2                                   |                                                |              |              |              |              |              |              |              |              |              |              |
| This element is respected by ... of Czech companies: | particular elements of firm behaviour          |              |              |              |              |              |              |              |              |              |              |
|                                                      | a)                                             | b)           | c)           | d)           | e)           | f)           | g)           | h)           | i)           | j)           | k)           |
| only minimum                                         | 2.33                                           | 4.19         | 0.47         | 7.44         | 7.91         | 24.65        | 0.93         | 20.00        | 1.86         | 14.88        | 9.77         |
| about <sup>1</sup> / <sub>4</sub>                    | 21.86                                          | 27.91        | 21.86        | 36.74        | 32.56        | <b>46.98</b> | 13.49        | <b>40.93</b> | 17.67        | <b>38.60</b> | <b>36.28</b> |
| about <sup>1</sup> / <sub>2</sub>                    | <b>54.42</b>                                   | <b>44.65</b> | <b>46.05</b> | <b>39.07</b> | <b>39.07</b> | 23.72        | <b>41.40</b> | 27.44        | <b>44.65</b> | 35.35        | 34.42        |
| about <sup>3</sup> / <sub>4</sub>                    | 18.60                                          | 21.40        | 26.98        | 14.42        | 18.60        | 4.65         | 37.67        | 10.23        | 29.77        | 9.77         | 17.21        |
| nearly all                                           | 2.79                                           | 1.86         | 4.65         | 2.33         | 1.86         | 0.00         | 6.51         | 1.40         | 6.05         | 1.40         | 2.33         |
| ∑ of <sup>3</sup> / <sub>4</sub> and nearly all      | 21.40                                          | 23.26        | 31.63        | 16.74        | 20.47        | 4.65         | 44.19        | 11.63        | 35.81        | 11.16        | 19.53        |
| Question battery 3                                   |                                                |              |              |              |              |              |              |              |              |              |              |
| I would take job at firm B in case of:               | elements reflected in company policy behaviour |              |              |              |              |              |              |              |              |              |              |
|                                                      | d)                                             | e)           | f)           | g)           | h)           | i)           | j)           | k)           | l)           |              |              |
| not at all                                           | 5.58                                           | 6.05         | <b>54.88</b> | 26.05        | 16.28        | 20.47        | <b>39.07</b> | 31.63        | 39.07        |              |              |
| 3 % lower salary                                     | 27.91                                          | 31.16        | 25.12        | <b>37.21</b> | <b>34.88</b> | <b>35.81</b> | 32.09        | <b>37.21</b> | <b>29.77</b> |              |              |
| 6 % lower salary                                     | <b>41.86</b>                                   | <b>36.28</b> | 13.02        | 24.65        | 26.98        | 30.70        | 20.00        | 21.86        | 18.60        |              |              |
| 9 % lower salary                                     | 18.60                                          | 20.93        | 5.12         | 8.37         | 15.81        | 11.16        | 6.51         | 6.05         | 8.84         |              |              |
| more than 9 % lower salary                           | 6.05                                           | 5.58         | 1.86         | 3.72         | 6.05         | 1.86         | 2.33         | 3.26         | 3.72         |              |              |

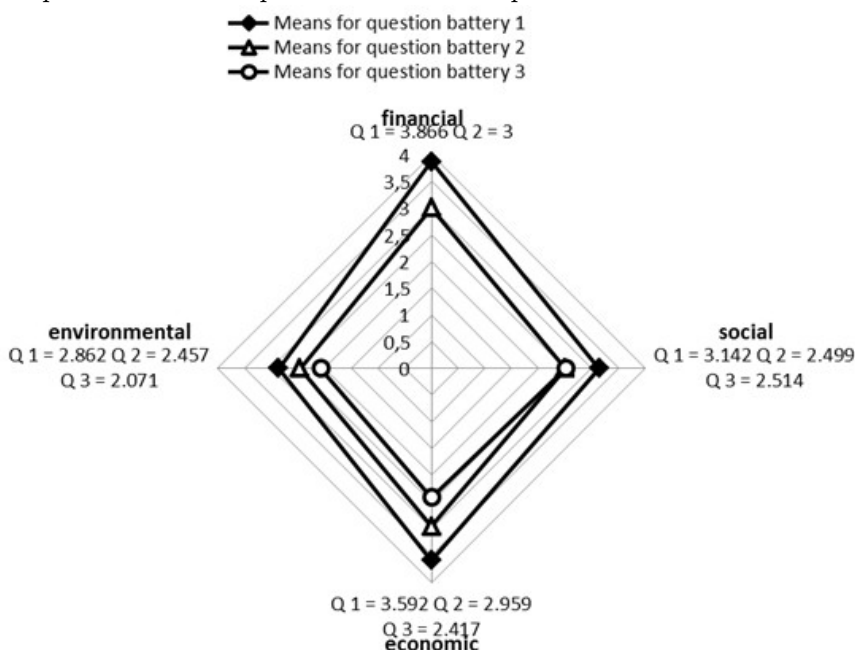
Source: own research

For the further statistical processing, the obtained qualitative data were transformed into quantitative ones – responses were coded into numbers from 1 to 5. The means of responses of all three batteries calculated for the particular elements of firm behaviour are depicted in Graph 1.

As mentioned above, the twelve elements can be divided into four dimensions. The means calculated for these dimensions are noted in Graph 2.

Results of the fourth question are then shown in Tab. 3.

Graph 2: Means of responses calculated for particular dimensions



Source: own

## Discussion

As could be seen from Tab. 2, there are five elements of firm behaviour, whose importance was considered above-average by the majority of respondents. The most important elements for the future technically educated job-seekers are definitely two elements of behaviour belonging to the financial group: “a) – level of salary” and even more “c) – promotion opportunities.” On the other hand, the third financial factor - fringe benefits – is not valued so much. From the three pillars of Triple-bottom line, element “e) respect for the rights and opinions of employees” was considered to be rather or very important by more than 64% of respondents. The elements connected with the fair dealing with business partners (g) and consumer protection care (i) are also of quite significant importance.

Tab. 3: Results of the question 4

| Abbreviation  | Number of respondents who understands its meaning |                     | Number of abbreviations | Number of respondents who understands this count of abbreviations |                     |
|---------------|---------------------------------------------------|---------------------|-------------------------|-------------------------------------------------------------------|---------------------|
|               | Absolute                                          | Relative [%] of 215 |                         | Absolute                                                          | Relative [%] of 215 |
| ISO 14 000    | 73                                                | 33.95               | none                    | 116                                                               | 53.95               |
| ISO 26 000    | 60                                                | 27.91               | one                     | 41                                                                | 19.07               |
| EMAS          | 21                                                | 9.77                | two                     | 44                                                                | 20.47               |
| OH SAS 18 000 | 11                                                | 5.12                | three                   | 13                                                                | 6.05                |
| SA 8000       | 2                                                 | 0.93                | four                    | 1                                                                 | 0.47                |

Source: own research

Tab. 4: Results of performed ANOVA tests

|                     | Question battery 1 |            | Question battery 2 |            | Question battery 3 |            |
|---------------------|--------------------|------------|--------------------|------------|--------------------|------------|
|                     | Elements           | Dimensions | Elements           | Dimensions | Elements           | Dimensions |
| Critical level of F | 2.255              | 3.789      | 2.255              | 3.789      | 2.520              | 4.616      |
| F-statistics        | 779.107            | 118.887    | 44.475             | 64.035     | 32.492             | 29.816     |
| P - value           | 7.4E-154           | 4.1311E-72 | 2.88E-89           | 6.2719E-40 | 2.91E-48           | 1.765E-13  |
| Difference          | confirmed          | confirmed  | confirmed          | confirmed  | confirmed          | confirmed  |

Source: own computation

Responses to the second question battery (coded to the same 1 – 5 scale) are noticeably lower than in case of the first battery. Especially the responses “nearly all companies” occur only exceptionally and do not even reach the relative frequency of 10% for any of the twelve discussed elements. In other words, the respondents view the “soft” elements as important (see the results of battery 1), but they do not think the Czech companies respect these elements in their behaviour very much. In our opinion, it means that the CSR is an issue by which the company could differentiate from its competitors and gain an advantage in recruitment.

As for the third question battery, it inquires about the hypothetical behaviour of respondents and therefore its results must be interpreted cautiously. Regarding this limitation, it seems that only the element f) will not be taken into account at all by the majority of respondents. It is hardly surprising that the biggest advantage should result from the elements directly connected with the job – d) and e). In other words, all elements of CSR except for one are so important for the respondents that majority of them would prefer working for a socially responsible company to working for a firm where they would be better paid. It also means that if the company B offered the same salary and at the same time implemented the particular element of CSR, it would definitely have an advantage in recruitment of technically educated talents over company A.

In Graphs 1 and 2, there are evident differences among the average importance of the particular elements and dimensions of firm behaviour for the respondents. But the question is whether these differences are really statistically significant, or whether they are caused only by random distortion. In order to investigate it, ANOVA tests were used. The first group of ANOVAs tested the expected values of responses for particular elements. The second group of ANOVAs was used so as to test the expected values of responses for particular dimensions. All tests were performed at the  $\alpha = 1\%$ , their results are noted in Tab. 4 – statistically significant differences were strongly confirmed in all respects. We can therefore state that some elements and dimensions are for the technically skilled potential job-seekers more attractive than the others.

The last question shows that majority of respondents do not know any of the standards connected with corporate social responsibility – there is virtually nobody, who knows all of them. The best known are standards belonging to the ISO group, whilst the awareness of the other certifications is rather low. Standard SA 8000, which is said to be the reference certification of CSR (compare Business Leaders Forum 2012), is in fact known by less than 1% of respondents.

## Conclusion

To sum up, although the financial dimension of the job remains to be the main attribute of the job, implementation of CSR to the corporate policy can in general result into the advantage in recruitment of technically skilled talents. Not every part of CSR will lead to the same level of advantage, though. Especially

the elements belonging to the social and economic pillar of Triple-bottom line are positively valued by the respondents, whilst the environmental pillar is not considered to be so important.

As for the generally used standards regarding the issues of CSR, the technically educated potential job-seekers have only little knowledge in this area. It means that even if the company obtains some of these certifications, it will not mean much difference in recruitment. Since the potential employees do not understand the meaning of these standards, they are hardly able to take them into account in their decision-making about future employer.

This article was meant as a contribution to the ongoing discussion about the advantageousness of CSR. According to our results, implementing CSR into the company policy can improve the functioning of human resources management and therefore even the business performance of the enterprise.

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## Efekt společenské odpovědnosti firem na získávání technicky vzdělaných zaměstnanců

Vliv konceptu společenské odpovědnosti firem (CSR) na výkonnost podniků je v současnosti široce diskutován. Firmy respektující myšlenky CSR jsou podle některých výzkumů více atraktivní pro vysoce kvalitní uchazeče o zaměstnání. Ve světové a zejména české ekonomice je přitom v současné době velký nedostatek technicky vzdělaných odborníků. Tento příspěvek si proto vytkl za cíl zjistit, zda mladí lidé s technickým vzděláním berou při volbě svého zaměstnavatele do úvahy i problematiku CSR, jinými slovy zda může implementace konceptu společenské odpovědnosti do firemní politiky vyústit ve výhodu při získávání pracovníků pro odpovědnou firmu. Jako výzkumná metoda byl zvolen dotazník distribuovaný mezi studenty posledních ročníků technických studijních programů. Získaná data ukazují, že mladí technicky vzdělaní specialisté považují otázku CSR za dosti významnou a že by zcela jistě preferovali zaměstnavatele s pozitivním přístupem k tomuto konceptu. Implementace myšlenky společenské odpovědnosti do strategie podniku tedy může vést ke zlepšení v oblasti řízení lidských zdrojů a tedy i k vyšší celkové výkonnosti podniku.

**Klíčová slova:** společenská odpovědnost firem (CSR), lidské zdroje, získávání pracovníků, koncept tří výsledovek (Triple-bottom line)

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